



RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Bold and underlined text indicates proposed added language.

~~Bold and strikethrough text~~ indicates proposed deleted language.

RULE 57. INSURANCE AND RETIREMENT PROCESSING SERVICES

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FINANCIAL ACTIVITY REPORTING

SEC. 8. The Corporation may provide a service to enable Insurance Carrier/Retirement Services Members to transmit to Members, Mutual Fund/Insurance Services Members and Data Services Only Members IPS Data regarding financial transactions and related activity specific to an IPS Eligible Product. **The Corporation may transmit and provide access to transaction-specific subaccount data (“Subaccount Data”) received through the Financial Activity Reporting service relating to funds or other assets within variable annuity and variable life insurance products to asset managers that manage such funds or assets and to service providers on behalf of such asset managers. Examples of Subaccount Data with respect to variable annuity and variable life insurance product transactions include, but shall not be limited to, the name of the insurance carrier, the date of the transaction, the broker-dealer named on the transaction, the individual advisor listed on the transaction, the type of transaction (e.g., new purchase, death claim, rebalance, subaccount transfer to or from the subaccount, etc.) and the amount of the transaction.**

Asset managers which are not Members or Limited Members will be required to enter into such agreements with the Corporation as determined by the Corporation to gain access to the Subaccount Data, which agreements will include an agreement to pay the fees set forth in the Rules to receive such Subaccount Data and to set up any system requirements necessary to access the data. Service providers receiving the Subaccount Data on behalf of asset managers will also be required to enter into such agreements as determined by the Corporation in order to gain access to such Subaccount Data on behalf of such asset managers to ensure the data is being used as contemplated herein and that there are proper safeguards by the service provider to ensure data security.

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ADDENDUM A

NATIONAL SECURITIES CLEARING CORPORATION

FEE STRUCTURE

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|----|---------------------------------|----------------------------------|
| f. | Financial Activity Report (FAR) | \$0.05 per zero to 100,000 items |
| | | \$0.04 per 100,001 to 150,000 |

items

\$.03 per 150,001 to 200,000
items

\$.02 per 200,001 or greater items

Subaccount Data access **\$ 2,500.00 per month**
(for each participating asset manager)

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